(c) Estimated exports to these countries during the year 2002-03 are given below :

Country	Value in Rs. Crore	% of Sectoral Total
USA	30119.00	58.00%
UK	6779.0C	13.00%
Germany	1822.00	3.50%
Total	38720.00	74.50%

Capital investment for development of communication system

221. SHRI KAPILSIBAL:

SHRI LAJPAT RAI: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether it is a fact that with a view to developing the communication system in the country maximum investment of capital was made during the last decade;

(b) the extend of investment made at the end of the said decade as well as at the outset of the decade of 90s and the position of the same as on March, 2003; and

(c) the number of people provided with employment owing to the growing capital investment?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI ASHOK PRADHAN): (a) to (c) The information is being collected and will be laid on the Table of the House.

Improvement in export performance

†222. SHRIMATI KUM KUM RAI: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state :

(a) whether Government have taken any step for improvement in export performance in the field of information technology;

(b) the details of achievements in the fields of information technology, software, services and electronics during the years 2000-01, 200102 and 2002-03;

† Original notice of the question was received in Hindi.

(c) the target fixed for promotion of export and manufacture of computer hardware sector in the said fields in the next three years; and

(d) the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI SU. THIRUNAVUKKARASAR): (a) the details of various steps taken by Government for improvement in export Performance of IT industry are given in the enclosed Statement (See below).

(b) Export from India in the field of Information Technology, software, Services and Electronics during the year 2000-01,2001-02 and 2002-03 are given in the enclosed Statement-II. (See below).

(c) and (d) The Working Group of Tenth Five Year Plan has projected the following production targets for electronic and hardware sector for next three year:

Year	Rs.in Crore
2003-04	45000
2004-05	52000
2005-06	60000

The Working Group has not laid any exports target for electronics hardware. However, the National Task Force on IT set up in 1998 has predicted an export target of $30 billion for electronics and IT hardware for 2008.

Statement-I

Steps taken by the Government to promote the Information Technology Sector

1. Export Promotion Capital Goods scheme (EPCG) has been rationalised and extended uniformly to all sectors without any threshold limit on payment of 5% duty.
2. Approvals for all foreign direct investment proposals relating to the Information Technology sector, with the exception of Business-to-consumer (B2C) e-commerce are under the automatic route.

3. Electronics Hardware Technology Park (EHTP) and Software Technology Park (STP) Schemes are implemented under the aegis of the Department of Information Technology, Ministry of Communications and Information Technology, through a single window mechanism of the Inter-Ministerial Standing Committee (IMSC).
4. Supplies of Information Technology Agreement (ITA-1) items in the Domestic Tariff Area (DTA) by EHTP/EOU/EPZ units shall be counted towards fulfillment of minimum Net Foreign Exchange earning as a Percentage of exports (NFEP) and the minimum Export Performance (EP), provided that the items are manufactured in the unit and attract zero rate of basic customs duty. Positive NFEP is required to be achieved in 5 years instead of every year.
5. DTA access upto 50% of the FOB value of export is permitted for electronics hardware units under EOU/EPZ/EHTP schemes and the software units under EOU/EPZ/STP schemes.
6. Accelerated depreciation norms extended to computers and computer peripherals to all units and capital goods of IT hardware units under Export Oriented schemes (EOU/EPZ/ STP/EHTP). These shall stand depreciated to overall limit of 90% over a period of 3 years.
7. Special Economic Zones are being set up to enable hassle free manufacturing and trading for export purposes.
8. The Depreciation on Computers is allowed @ 60%.
9. In the Budget 2002-03, the peak rate of cumstoms duty has been reduced from 35% to 30%. Customs duty has been reduced on stepper motors for computers/printers from 5% to 0%, floppy diskette and unrecorded magnetic tape from 15% to 10%, ink cartridges/ribbon assembly/ribbon gear assembly/ribbon gear carriage for use in printers for computers from 25% to 5%, 56 items of capital goods for manufacture of semiconductors from 5% to 0%, 24 items of capital goods (around 200 sub-items) for manufacture of electronic components from 25-35% to 15%, tools/moulds/

dies for electronics industry from 25% to 15% and on 46 items of raw materials for manufacture of electronic components from 25-35% to 5%.

Customs duty on Computers and Peripherals continues to be @ 15% and all storage devices, integrated circuits, microprocessors, data display tubes and deflection components of colour monitors continue at 0%. The concessional rate of customs duty @5% for specified raw materials for the electronics industry (121 items) continues. Customs duty on Information Technology Agreement (ITA-1) items of WTO (IT and Telecom products) continues @15%, parts of Telecom continue @5%, parts, components and accessories of mobile handsets including cellular telephones continue at 0%.

10. The Central Excise duty structure was rationalized from multiple rates to single rate of 16% and single rate of Special Excise Duty (SED) @ 16%, in the Budget 2001-02, and continues.
11. Information Technology Software is exempted from Customs and Excise Duty.
12. Second-hand capital goods upto 10 years are freely importable.
13. EOU/EPZ/STP/EHTP units are eligible for Income Tax benefit on export profits, upto 2010, in terms of Sections 10A and 10B of the Income Tax Act.
14. Exemption of withholding tax on interest on External Commercial Borrowings (ECBs) is available to the IT sector.
15. Definition of Computer Software, as in Section 80 HHE of the Income Tax Act covere transmission of data.
16. Benefit of Section 80 HHE is available to supporting software developers.
17. IT enabled Services are eligible for Income Tax benefit under Sections 10A, 10B and 80HHE of the Income Tax Act.
18. DEPB rate will be same for a product whether exported as CBU or in CKD/SKD condition.

19. Threshold limit for obtaining "Export House" status reduced to Rs.5 crores from Rs.15 crores for Small Scale Industry, tiny sector, cottage sector, units located in North East States/ Sikkim/J & K; exporters exporting to countries in Latin America/CIS/Sub Sahara Africa and units having ISO 9000 (Series) status. The status holders are eligible for the following new/special facilities: 100% retention of foreign exchange in Exchange Earners' Foreign Currency (EEFC) account; Enhancement in normal repatriation period from 180 days to 360 days.

20. The donation of computers, imported duty free by EOU/EPZ/ STP/EHTP units to recognised non-commercial educational institutions, registered charitable hospitals, public libraries, public funded research and development establishments, etc., two years after their use by the said units is permitted.

21. The second-hand computers and computer peripherals donated by an outside donor to Government schools and recognised schools run on a non-commercial basis by any organisation are exempted from customs duties.

22. Income by way of dividends or long-term capital gains of a Venture Capital Fund or Venture Capital Company from investment made by way of equity shares in a Venture Capital Undertaking, which has been expanded to include the Software and IT sectors, will henceforth not be included in computing the total income.

23. To give thrust to Venture Capital Finance, SEBI has been made the single point nodal agency for registration and regulation of both domestic and overseas venture capital funds.

24. There will be no tax on distributed or undistributed income of Venture Capital Funds. The income distributed by the VCFs will only be taxed in the hands of the investors at the rates applicable to the nature of the income. VCFs will continue to be eligible for exemption even if the shares of the VC undertaking in which the VCFs have made the initial investment are subsequently listed in a recognised stock exchange in India.

25. Under policy or portfolio investment, Foreign Institutional Investors (FIIs) are permitted to invest in a company upto an aggregate of 24% of equity shares, extendable upto 40% subject to approvals. This limit was raised from 40% to 49% in the Budget 2001-02.
26. Tax holiday under provisions of Section 80-IA (Infrastructure Status) has been extended to Internet Service Providers (ISPs) and Broadband Network providers.
27. Two-way fungibility has been permitted for ADRs/GDRs. Local shares can be reconverted into ADRs/GDRs, subject to sectoral caps.
28. With a view to give a boost to the manufacturing sector, it is proposed in the Budget announcements 2002-03, to allow a deduction of a further sum of 15% of the actual cost of such machinery or plant acquired and installed after 31.3.2002 in case of new industrial undertaking or substantial expansion by an existing industrial undertaking. The proposed amendment will take effect from 1.4.2003 and will, accordingly, apply in relation to the assessment year 2003-04 and subsequent years.
29. To encourage re-location of industries to India, plant and machineries would be permitted to be imported without a license, where the depreciated value of such relocating plants exceeds Rs.50 crores.
30. Indian Companies wishing to invest abroad may now invest upto US$ 100 Million on an annual basis through automatic route without being subject to the three year profitability condition, up from existing limit of US$ 50 million (Budget announcement 2002-03).
31. Indian Companies making overseas investment in joint ventures abroad by market purchases may now do so without prior approval upto 50% of their net worth, up from existing limit of 25% (Budget announcement 2002-03).
32. To induce more investment for R&D activities, a weighted deduction of 125% on the sums paid to any university, college or an institution or a Scientific research association for the purposes of scientific, social or statistical research is available.

33. For reduction of transaction time for export/import clearances, Ministry of Civil Aviation has finalized the scheme of 'Known-Shippers' for doing away with the 24 hours cooling off period.

34. Two shifts have been introduced on week days and single shift on holidays at the Air Cargo Complexes Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, Delhi and Goa.

35. Information Technology Act, 2000 dealing with Cyber Security, Cyber Crime and other information security related legal aspects is in place to encourage expansion of e-commerce through internet.

Statement-II

IT EXPORTS

During the years 2000-2001 to 2002-2003

	2000-01 (Rs. Cr.)	2001-02 (Rs. Cr.)	2002-03 (Rs. Cr.)
A. Electronic Hardware	4788	5800	5600
B. Computer Software	28350	36500	47500
TOTAL :	33138	42300	53100

Unsolicited E-Mails

223. SHRI SANTOSH BAGRODIA : SHRI GHULAM NABI AZAD : Will the Minister of COMMUNICATIONS & INFORMATION TECHNOLOGY be pleased to state :

(a) whether Government are aware of the numerous spam/ unsolicited E-mails that people are receiving from their various internet connections each day;

(b) if so, Government's reaction thereto; and

(c) what steps Government propose to take to penalise such companies/call centres that follow such practices?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (SHRI SU. THIRUNAVUKKARASAR): (a) Yes, Sir.